RAKENNUS·
TEOLLISUUS

Economic Outlook Autumn 2025

Confederation of Finnish Construction Industries

Jouni Vihmo, chief economist

First half of the year was disappointing ...

...second half should be better

ECONOMY

- Zero economic growth during the first half of the year
- Unemployment and fear of unemployment
- Low consumer confidence
- Lack of domestic capital

+ Cyclical recovery
+ Strengthening outlook for the business sector
+ Growth in purchasing power
+ Effects of lower interest expenses still ahead
+ Population growth in cities

MARKET

- High supply of apartments
- Decrease in prices of old apartments
- Cost level of new production and plots
- Decrease in ARA production
- Poor state of companies and supply constraints
- Poor situation of real estate funds and landlords

+ Low number of completed apartments
+ Blocked demand
+ Minor recovery of the real estate market
+ Return of small investors
+ Clean transition
+ Security of supply and competitiveness

POLICY

- More stringent international regulation of financing
- Elimination of the tax credit for household expenses
- Cutting of supported production authorizations

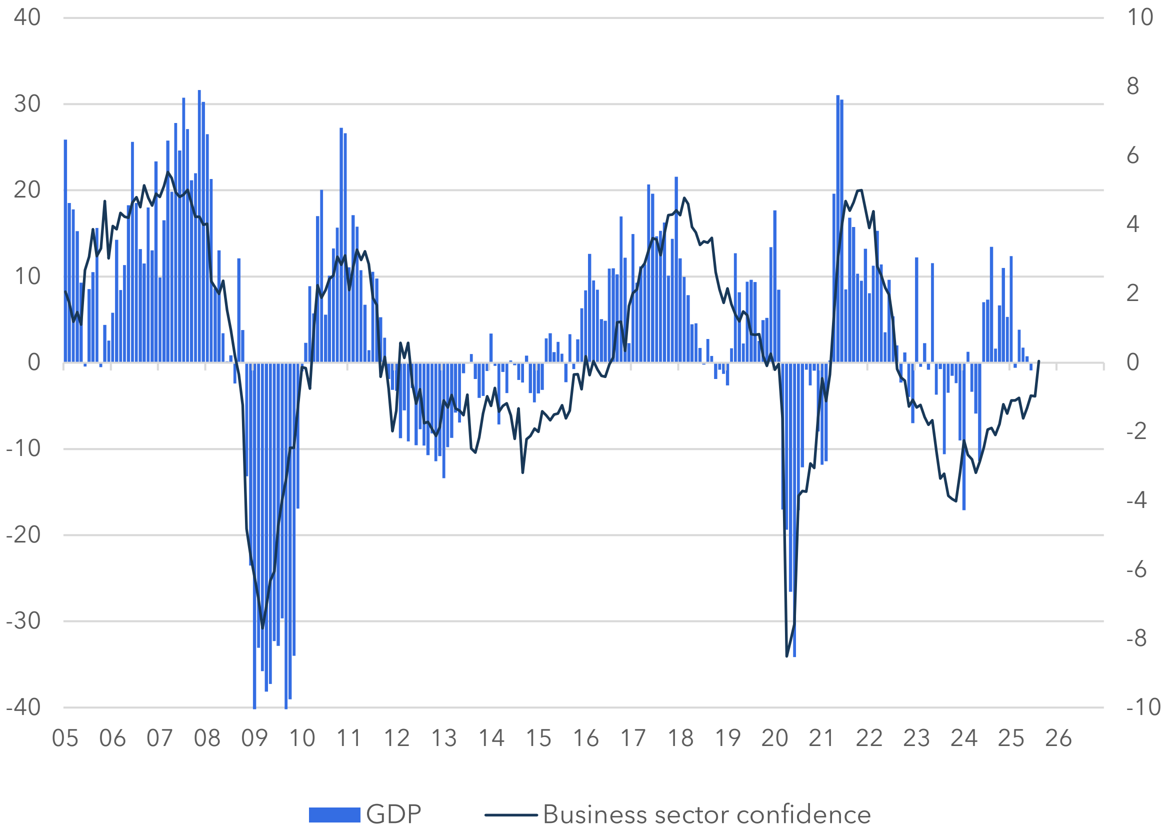
+ Less uncertainty in trade policy
+ Deregulation of financing
+ Economic and labour market reforms
+ Municipalities' willingness to invest

Uncertainty continues at a high level but is likely to decrease.
No guarantees of an upturn for post-cyclical construction sector.
Advisable to be prepared for demand slower or faster than expected.

Confidence indicators still gloomy

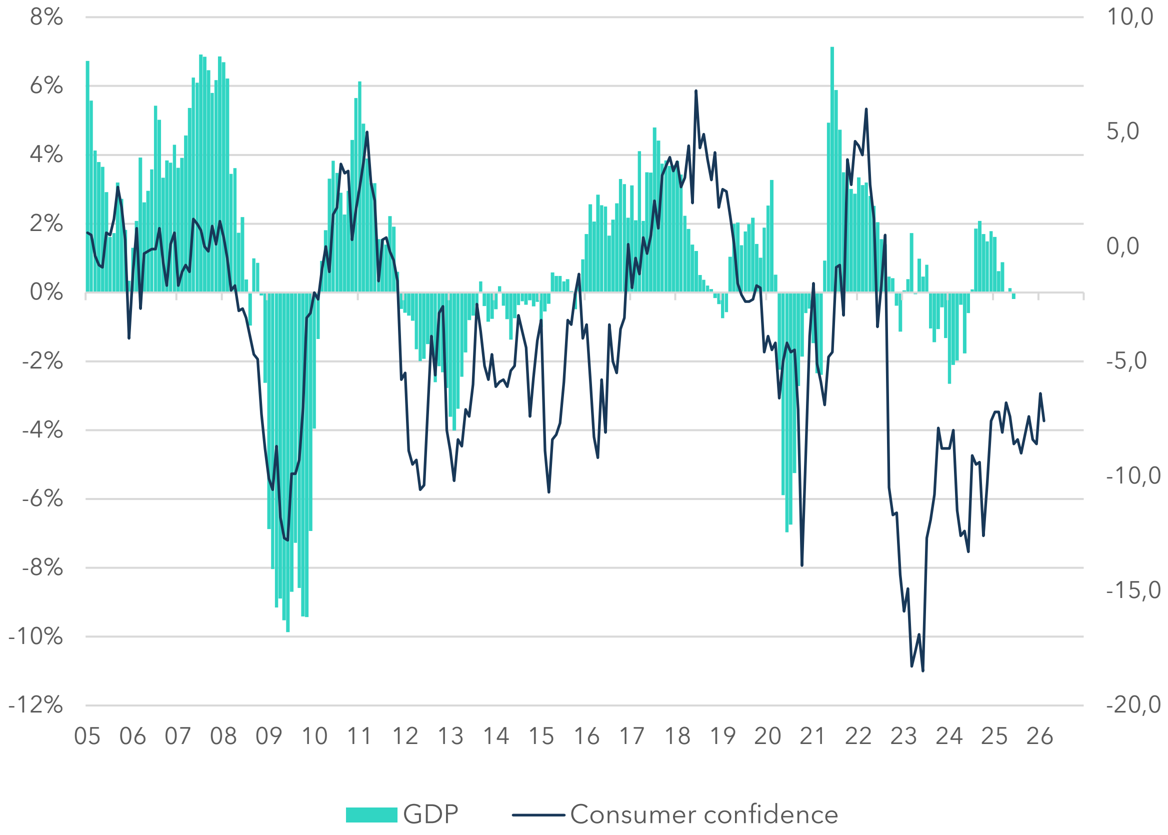
Confidence must be increased by any means necessary

Slight growth in the business sector
Business sector confidence (index)



Consumer confidence is not predicting recovery
Annual change in GDP (%)

Consumer confidence (index)



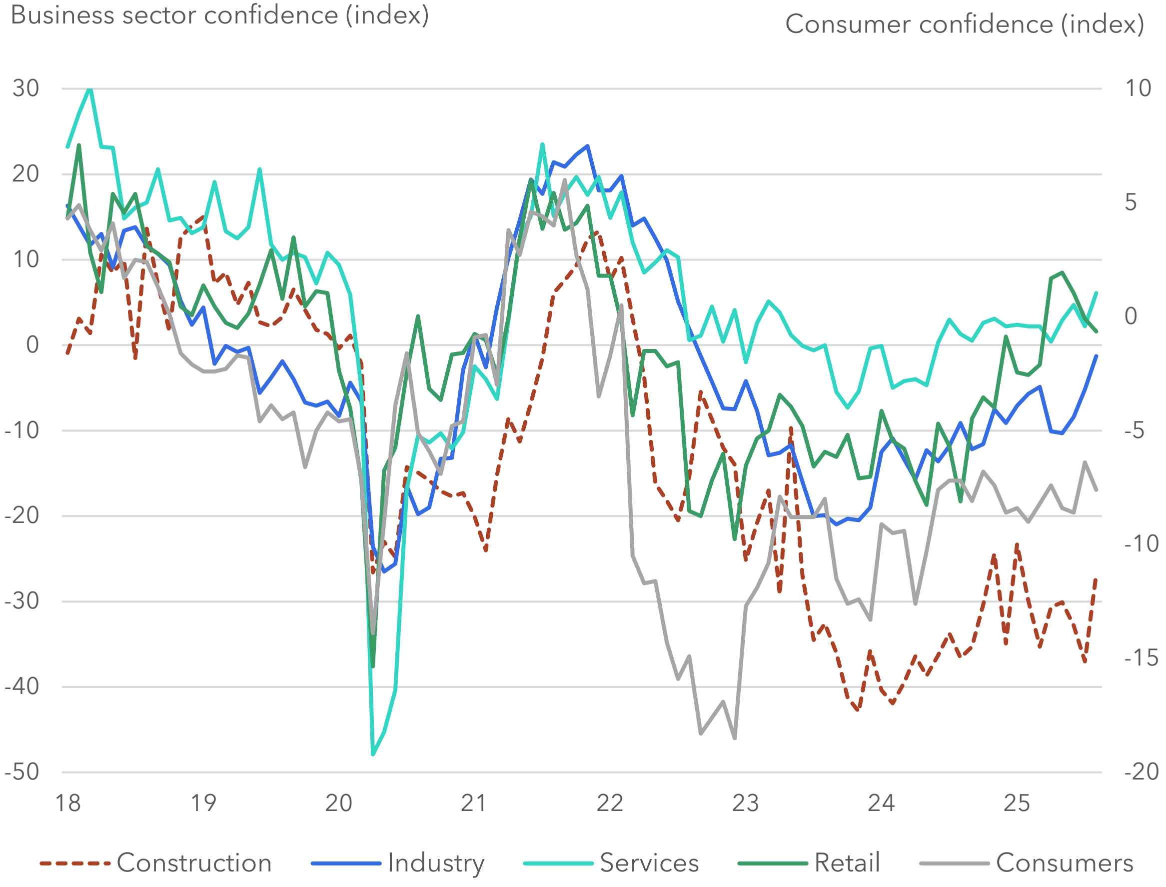
  Source: Statistics Finland, Confederation of Finnish Industries

The economic outlook for construction remains weak

The outlook picked up slightly with the rest of the business sector in August

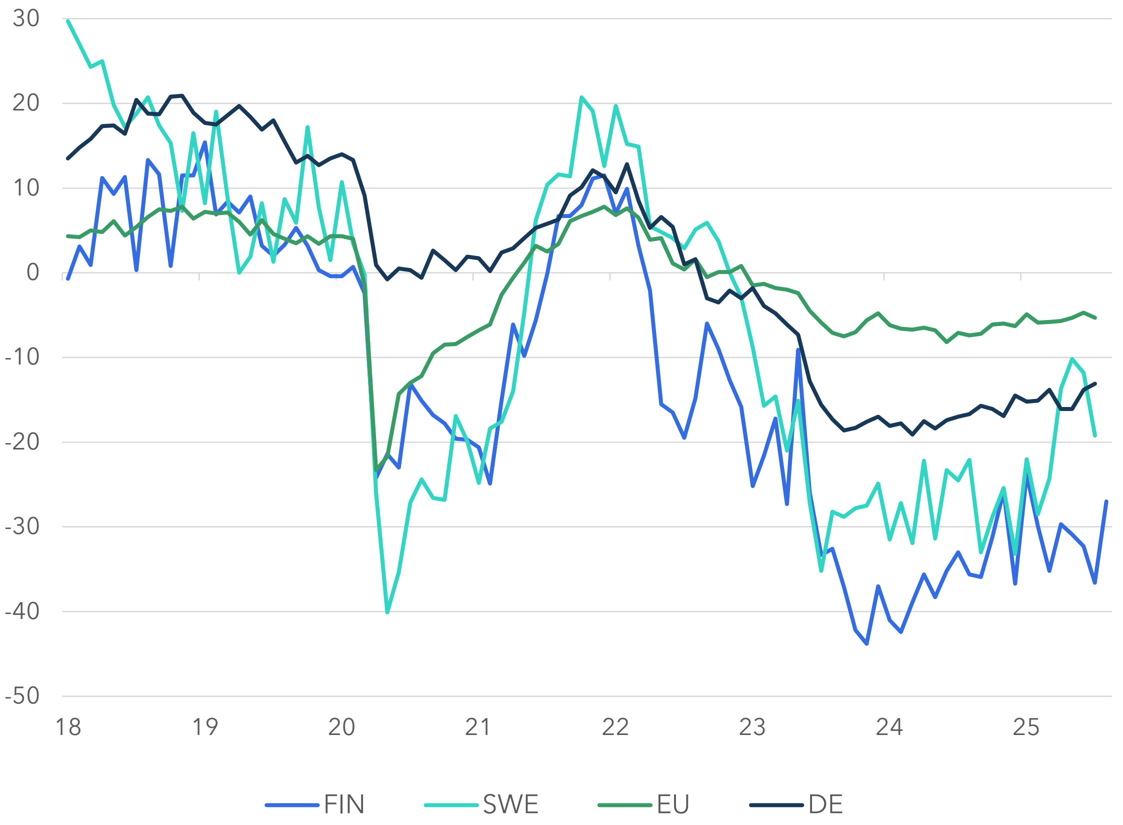
Companies' economic confidence increased in August

Business sector confidence (index)



Construction in Finland has fallen behind others

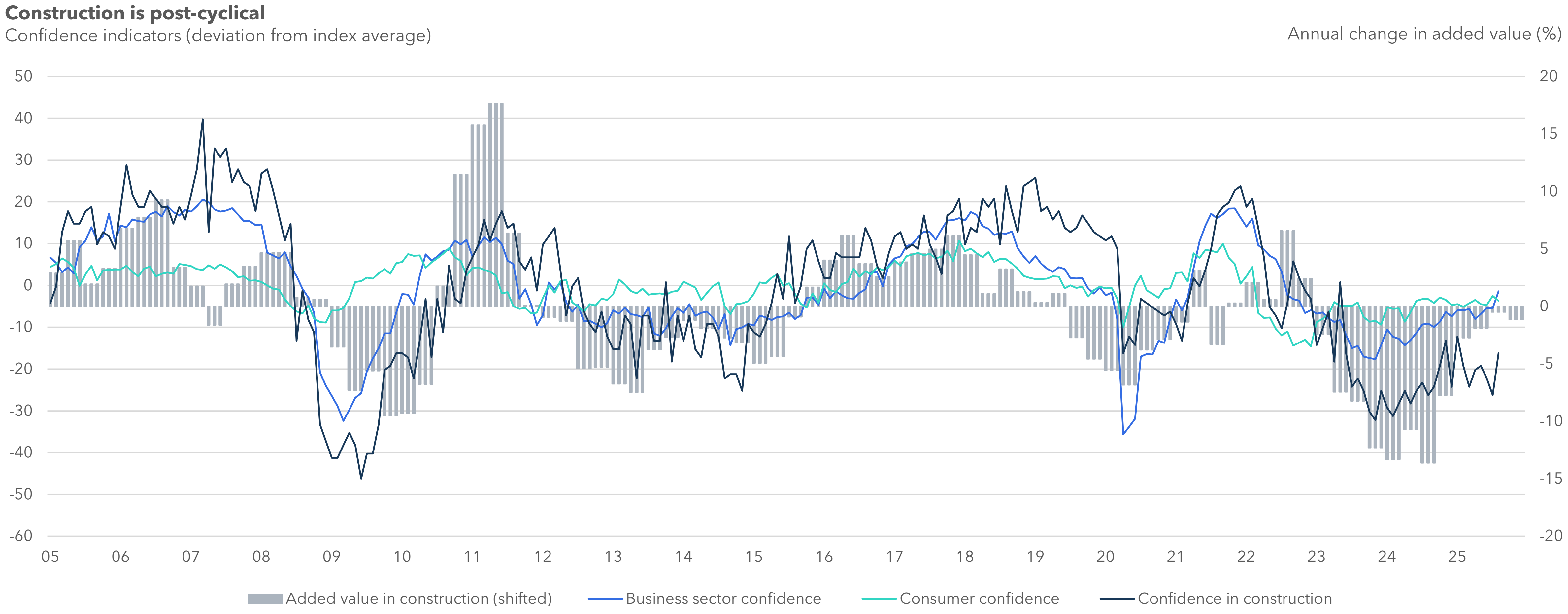
Construction confidence index (balance)



  Source: Statistics Finland, Confederation of Finnish Industries (August 2025)

Small growth or a continuation of the decline?

Construction confidence predicting declining output – indicators for the rest of the economy support small growth



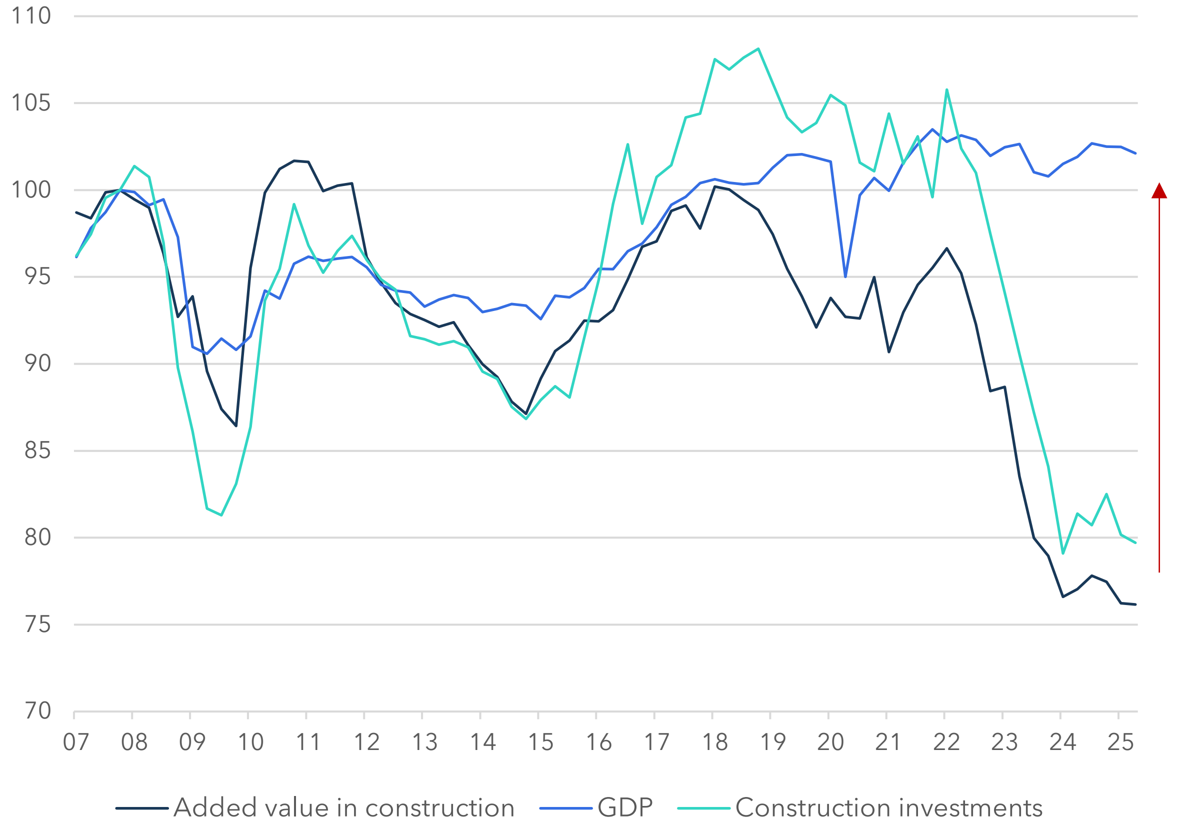
 17.10.2025 Source: Statistics Finland, Confederation of Finnish Industries

Decline continued in the second quarter due to customs disputes

Non-residential construction came to a halt – decline in housing construction continued for the 11th quarter

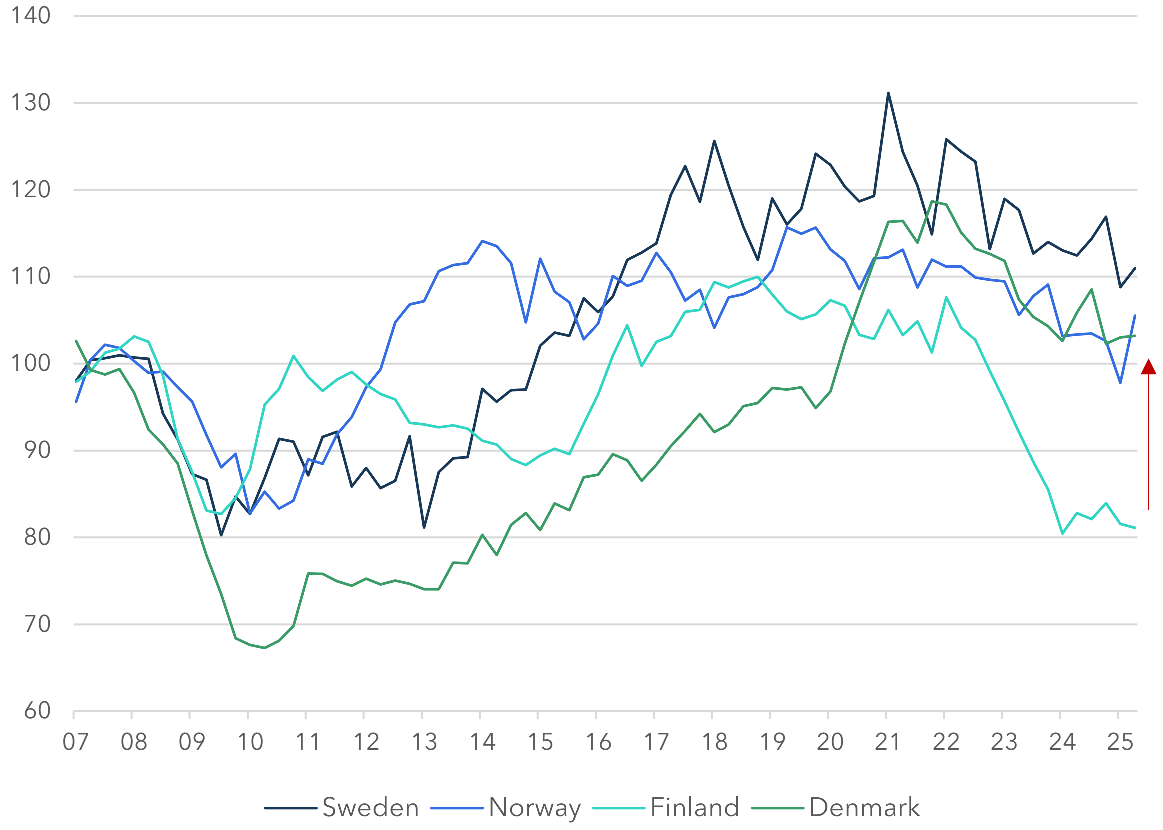
The free fall has ended

Index 2007=100



Other Nordic countries are running away

New construction investments, index 2007=100

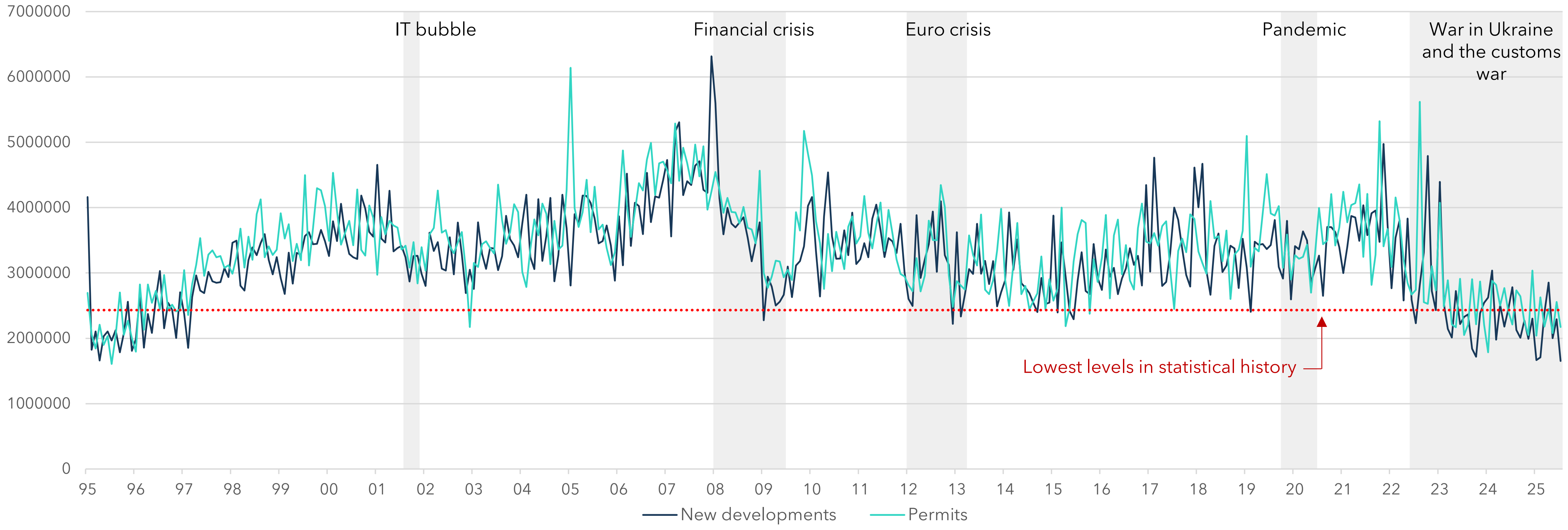


  Source: Statistics Finland, Eurostat

Construction still at historically low level

Even compared to previous crises

Construction activity is at exceptionally level
Starts and new licenses (seasonal adjustment, m³)

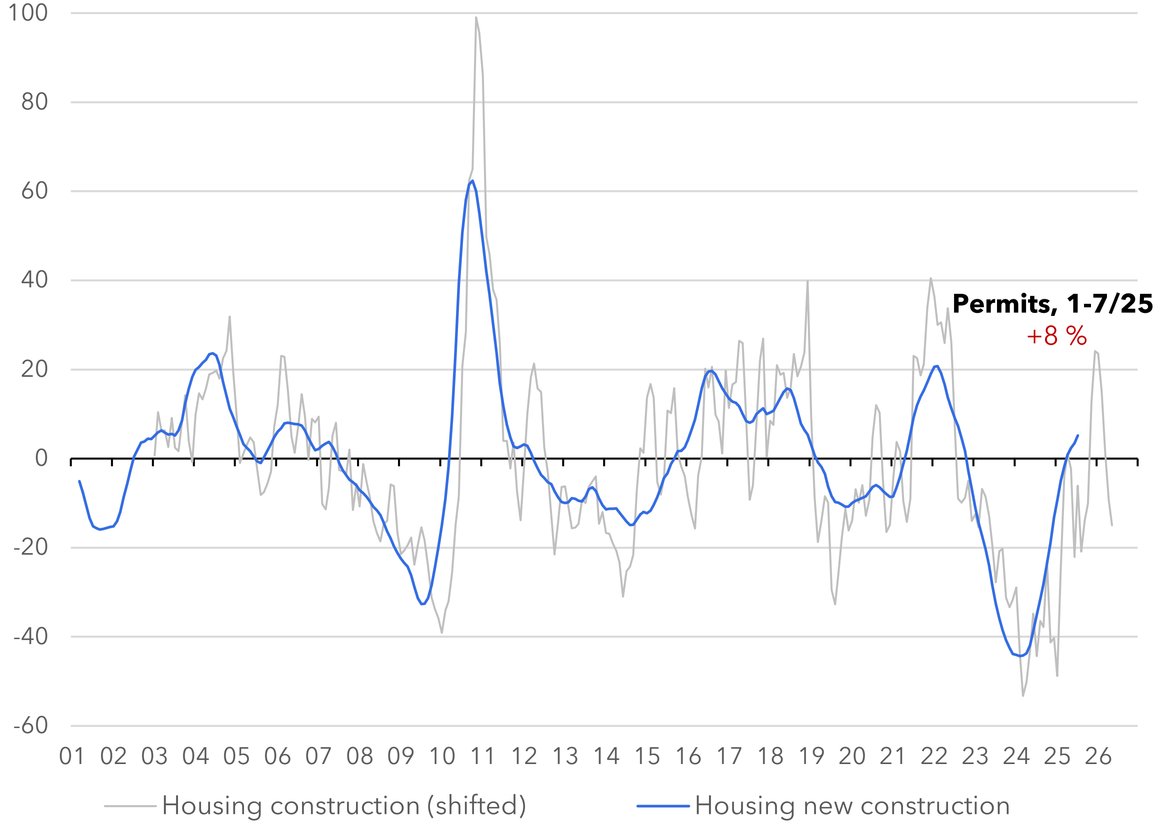


  Source: Statistics Finland, RT

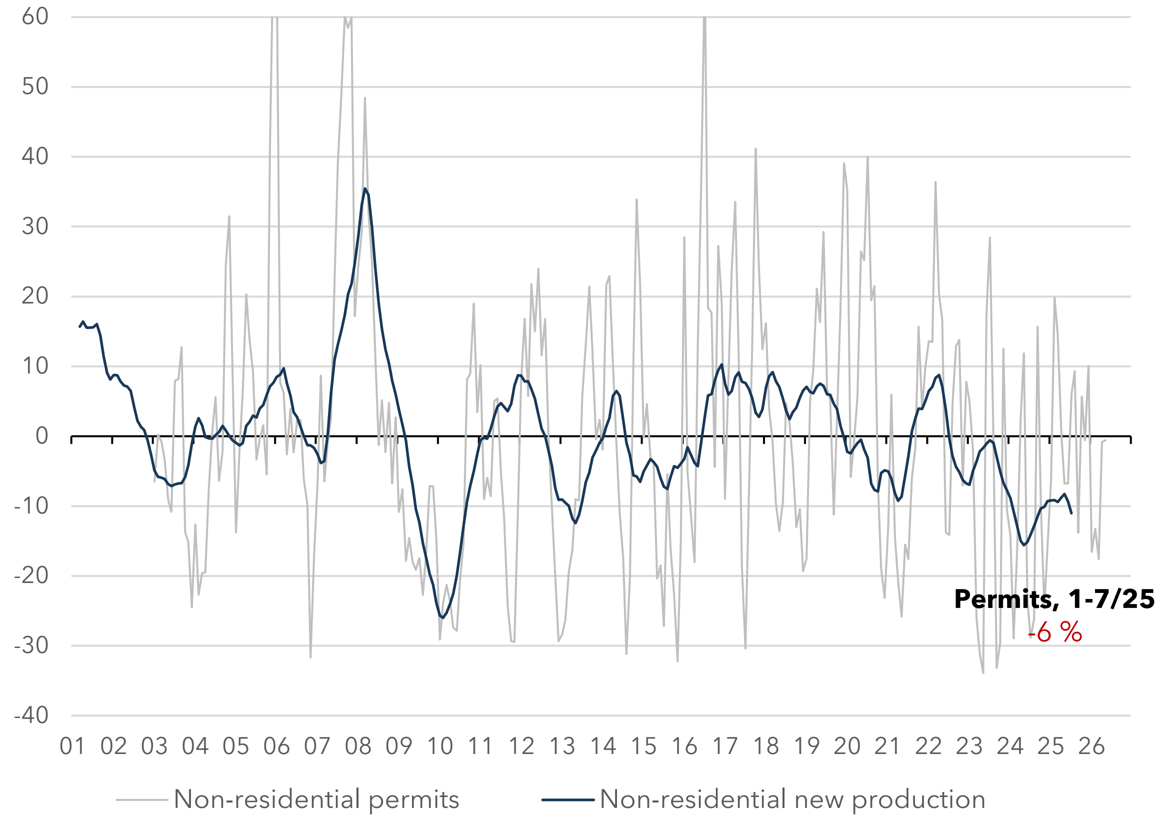
No growth for new production this year

Permit development predicting moderate growth for residential building

Residential construction volume may increase slightly
Annual change in permit cubic metres and new construction (%)



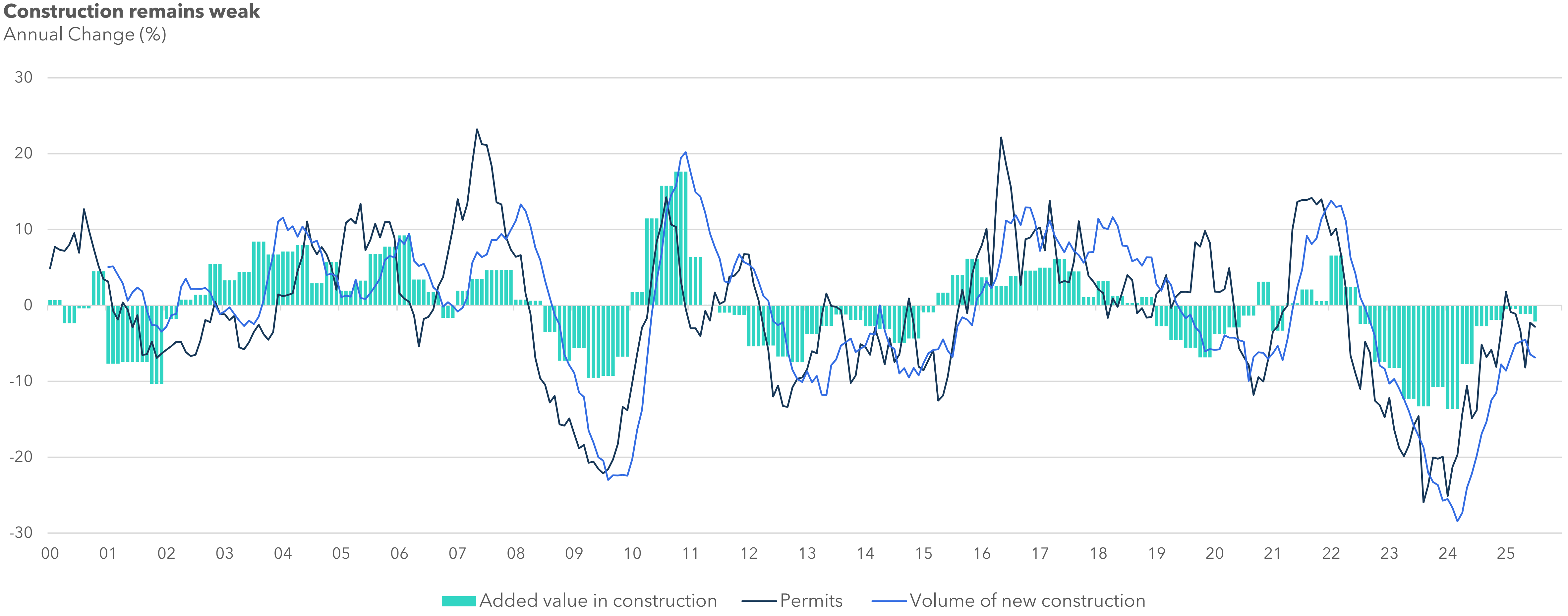
Non-residential construction still firmly below zero
Annual change in permit cubic metres and new construction (%)



 17.10.2025 Source: Statistics Finland

Construction indicators are not predicting growth

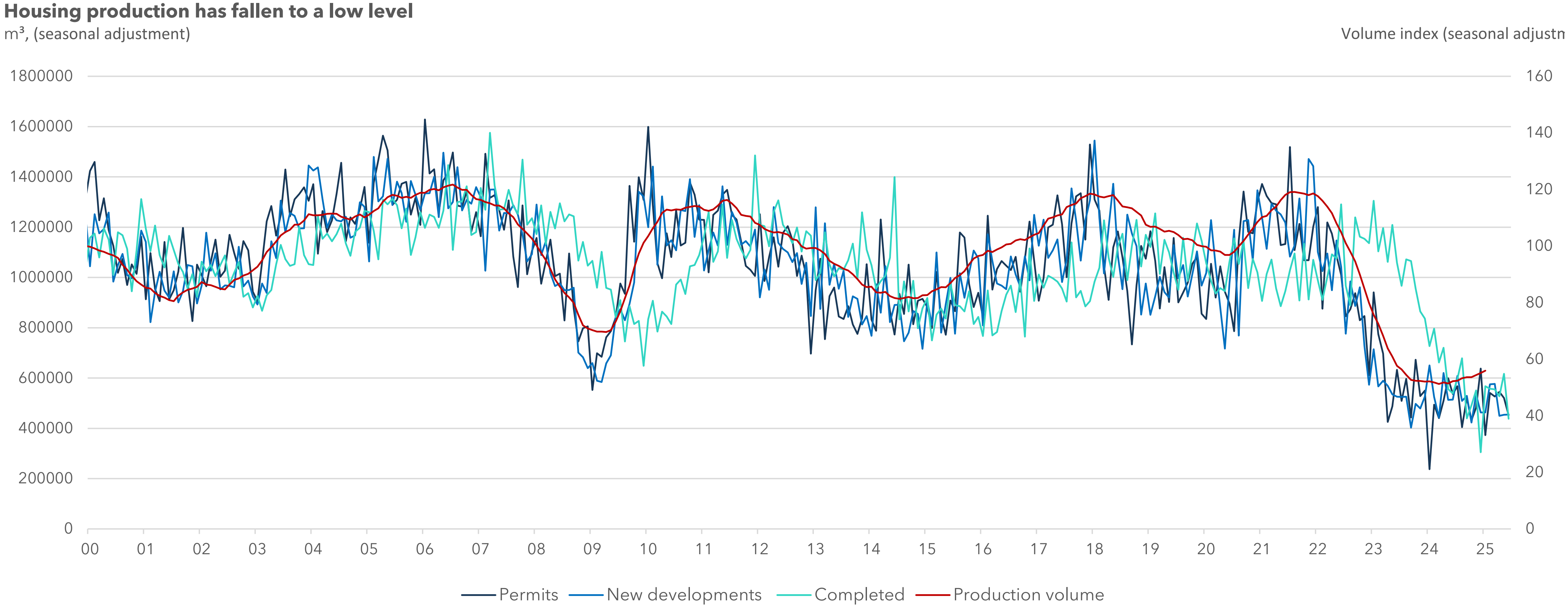
Development of the rest of the economy is promising a slightly better second half of the year



  Source: Statistics Finland

New housing production at exceptionally low level

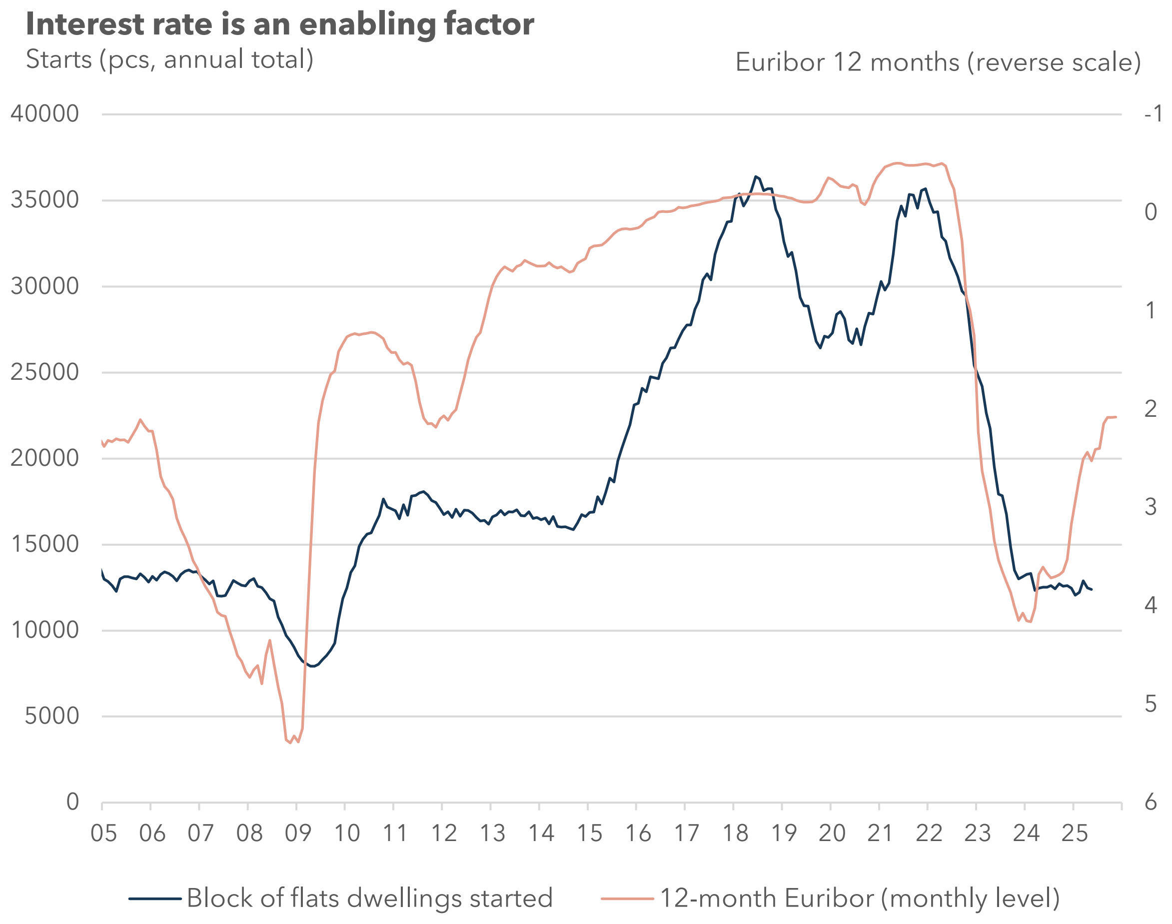
Old projects coming to an end and new ones are still scarce

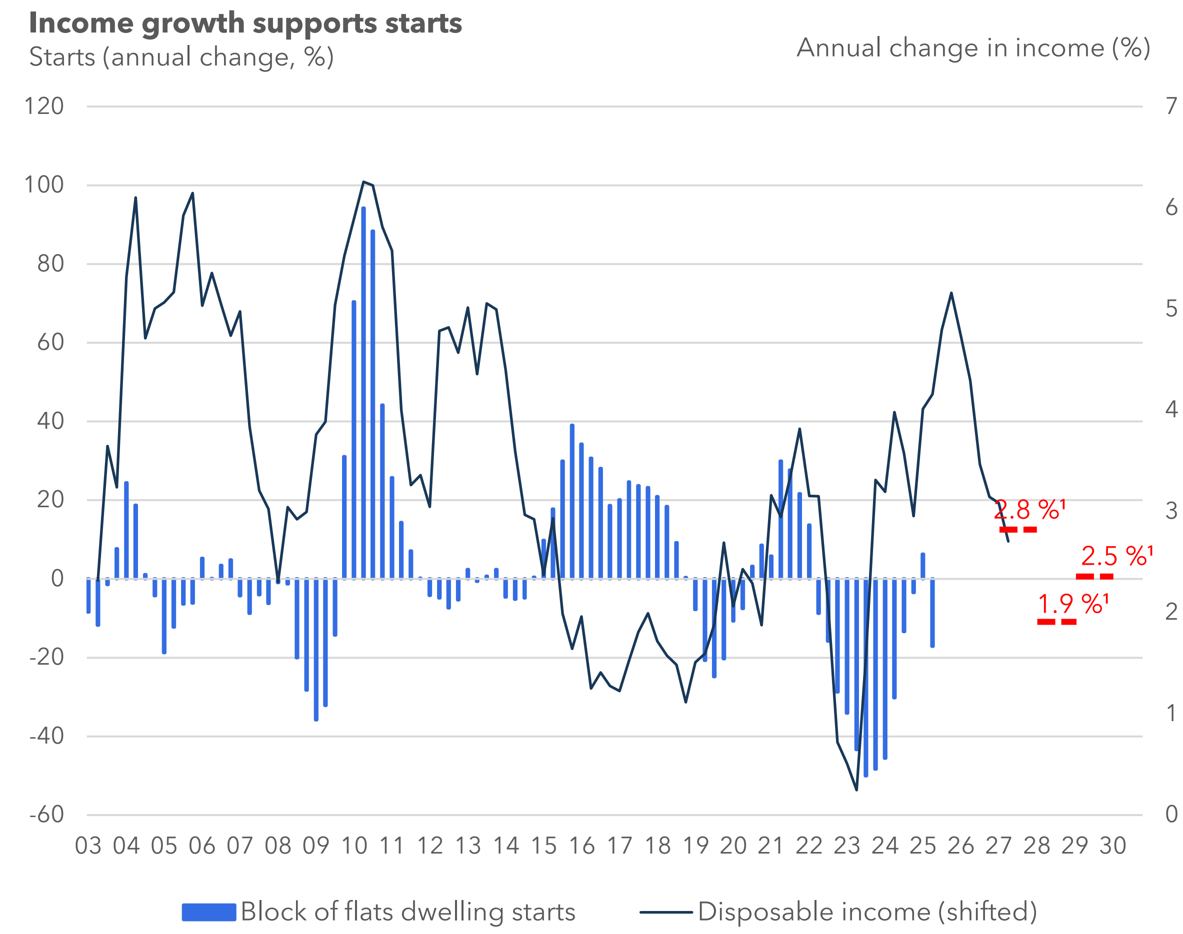


  Source: Statistics Finland

Interest rate and income support the housing market

Still no upturn in sight for new production





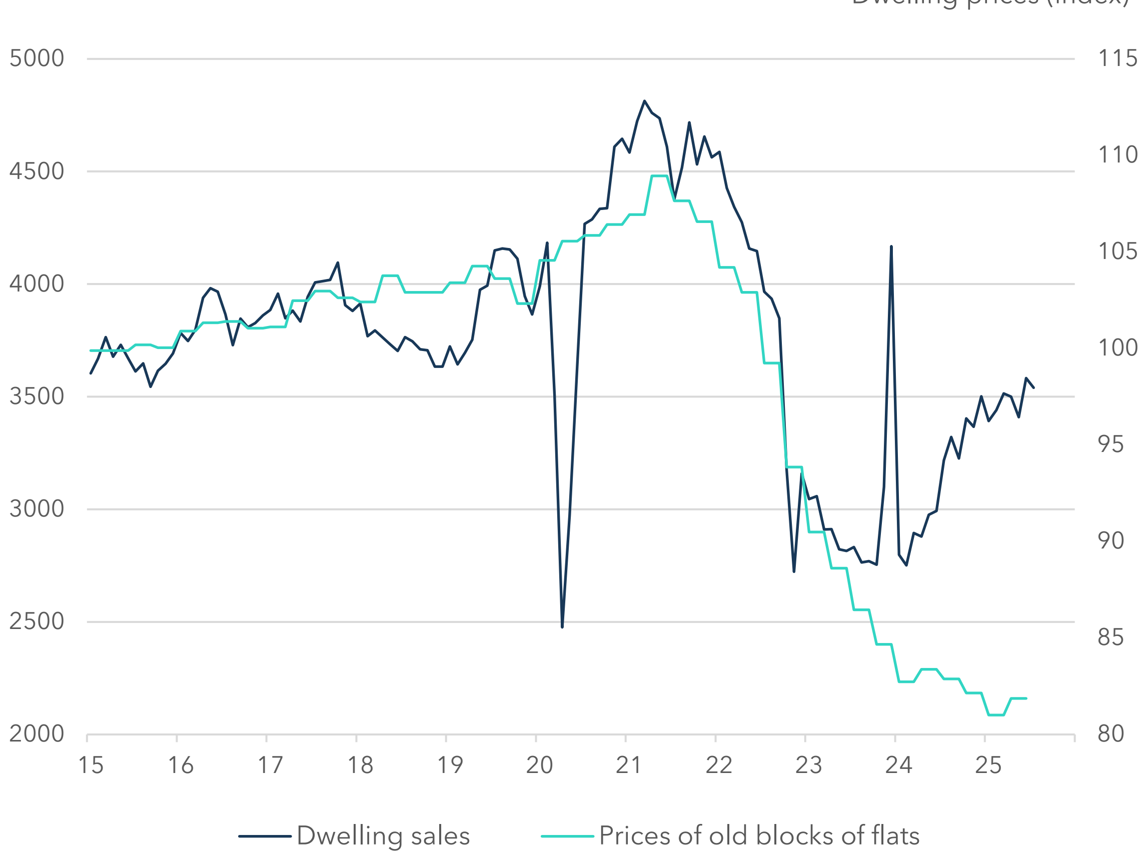
 17.10.2025 Source: Statistics Finland, [1]Forecast Etla (autumn 2025)

Housing market not yet supporting new construction

Growth in sale volumes and lending is not visible in new housing starts

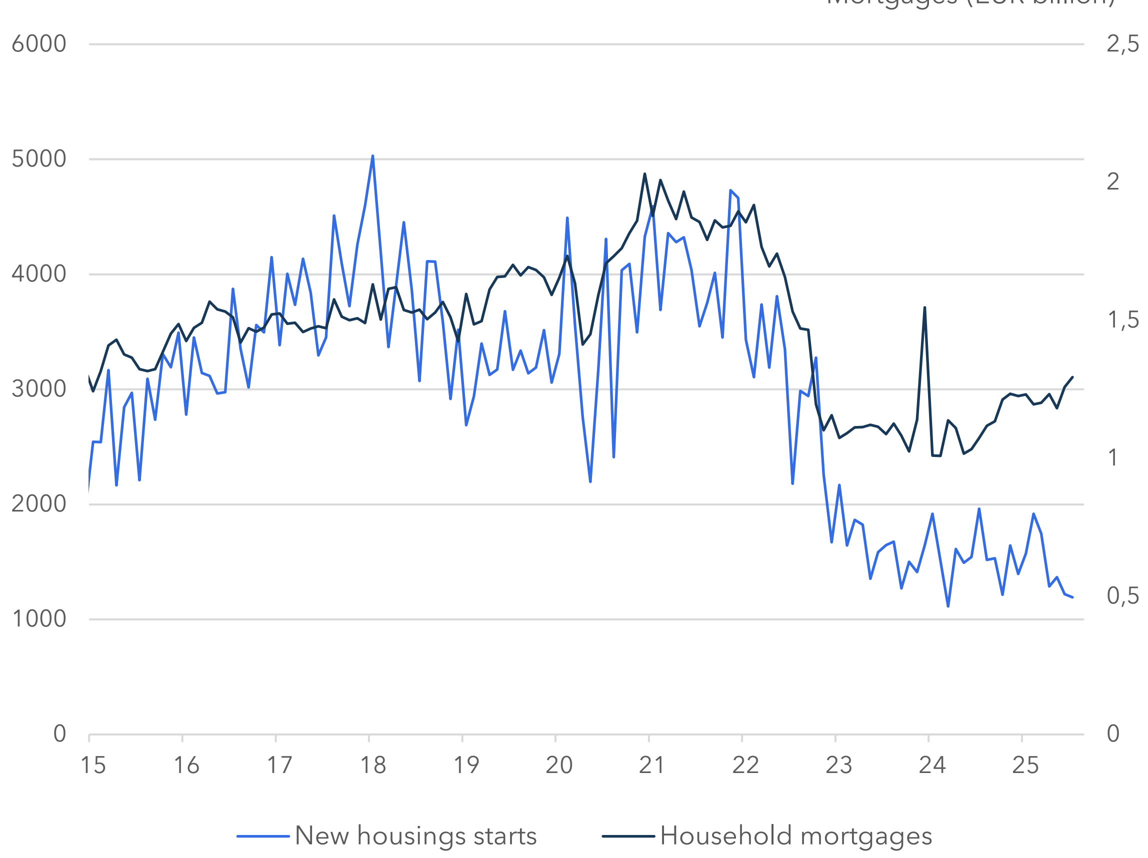
Housing market recovery is incomplete

Housing transactions (number of)



Growth in lending is not visible in new construction

Starts (number of, annual total)



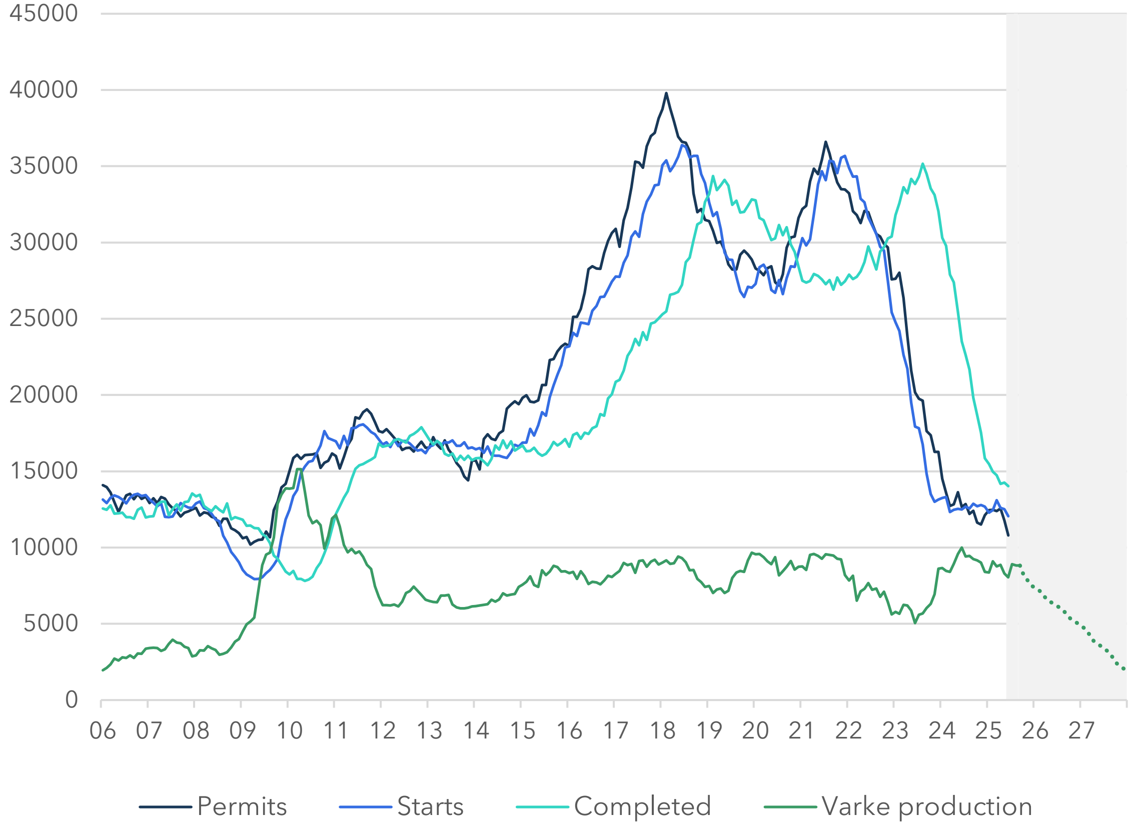
  Source: Statistics Finland, Bank of Finland

Housing production will not increase this year

Average production will remain below 20,000 dwellings for four years

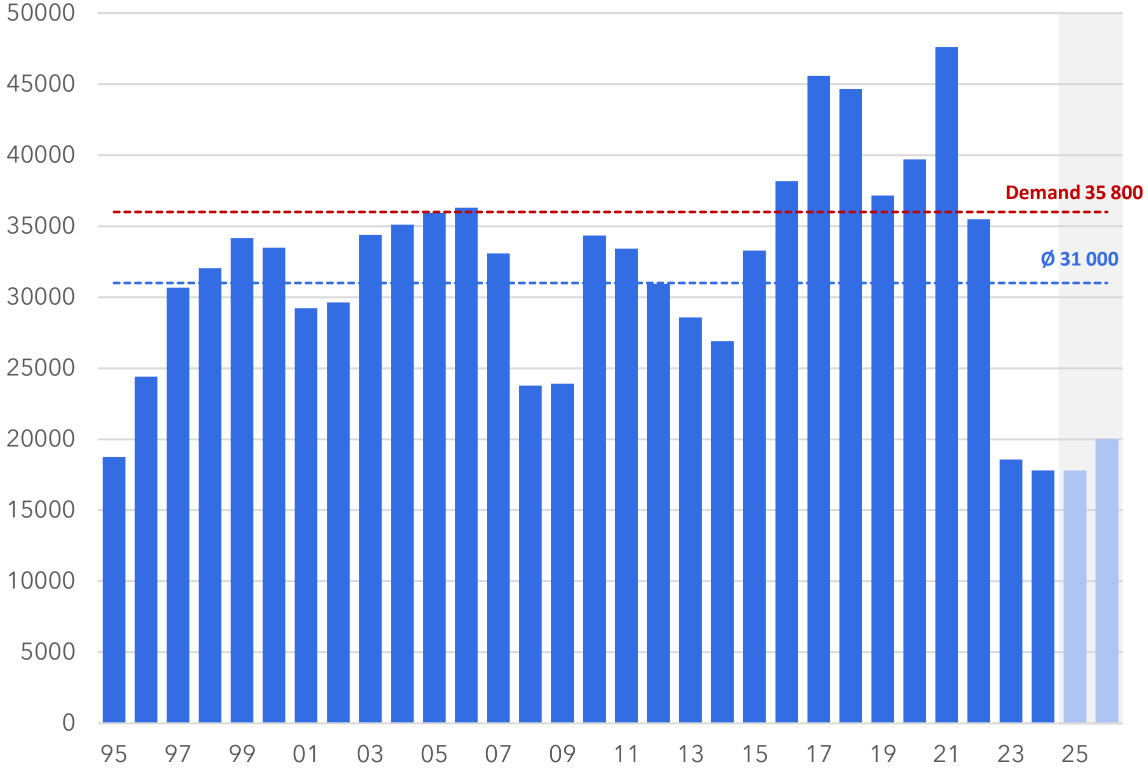
State subsidized production will drop sharply

Starts of blocks of flats (number of, moving annual total)



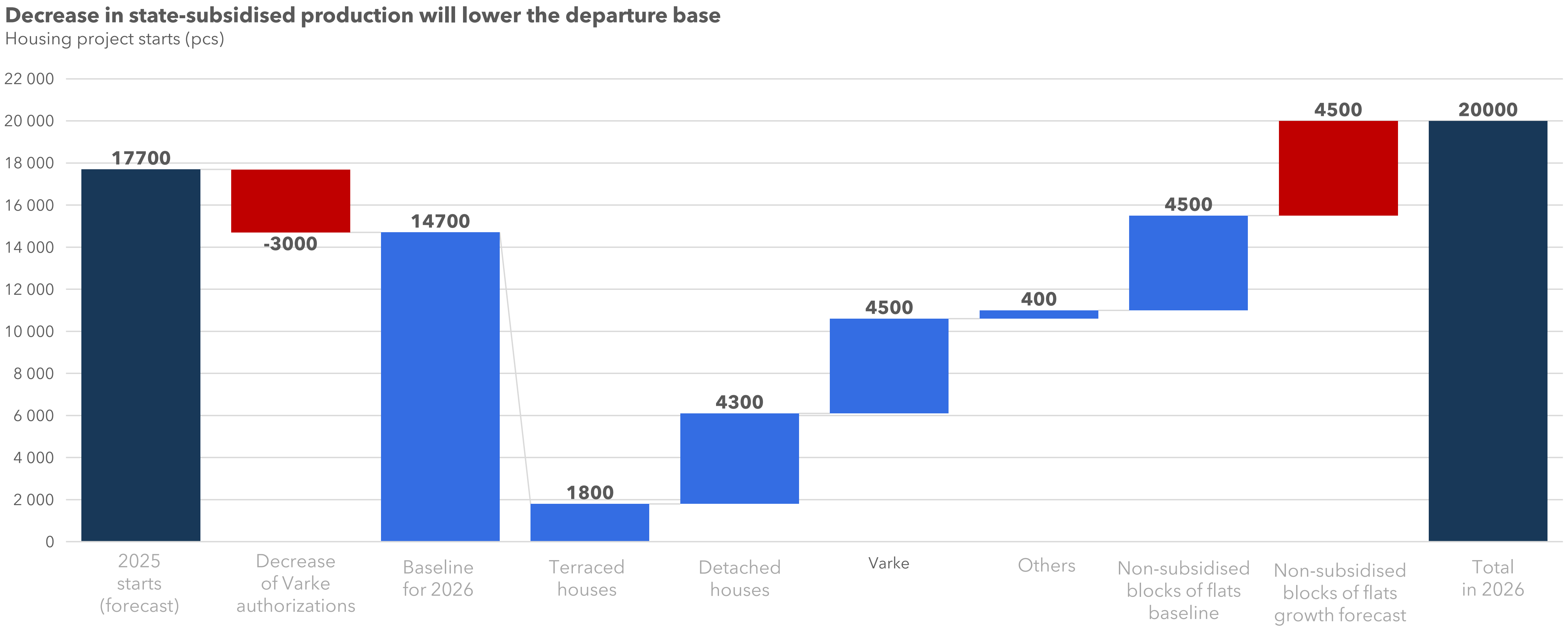
Housing starts will increase only slightly

Dwelling starts (number of)



  Source: Statistics Finland, Varke, VTT

Increase in housing production would require a giant leap for market-based production in an uncertain economic situation



  Source: Statistics Finland, Varke, RT

The economic outlook of the construction industry 2025-26: weak growth based on wishes so far

2024 in total **35.7** BILLION €

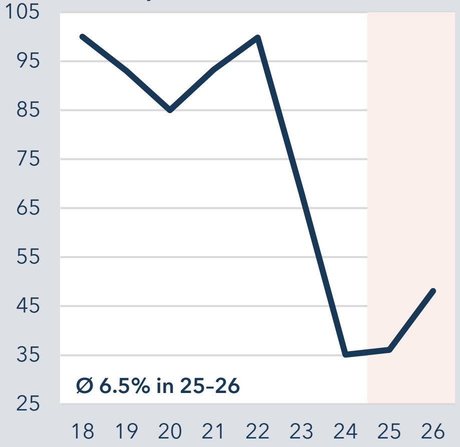
Housing

3.9 BILLION €

2023: -31.7 %
2024: -33.0 %
2025: 1.0%
2026: 12.0 %

Giant leap required
Housing market recovery still in progress and not supporting new construction. Decline in subsidised production requires a giant leap for market production in a very uncertain economic situation.

Quantity index 2018 = 100



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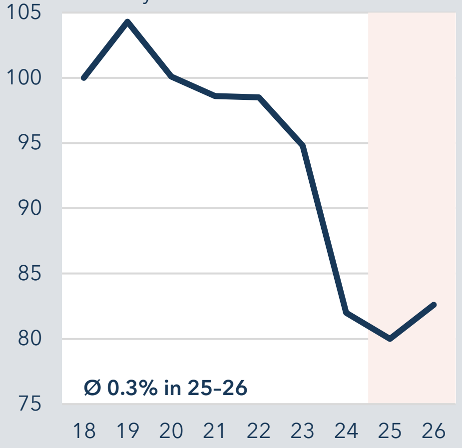
Non-residential construction

8.7 BILLION €

2023: -3.7 %
2024: -12.8 %
2025: -2.0%
2026: 3.0%

Start delayed
Projects delayed by customs disputes are starting. Clean transition finally reflected in construction. More stable outlook requires new investment decisions.

Quantity index 2018 = 100



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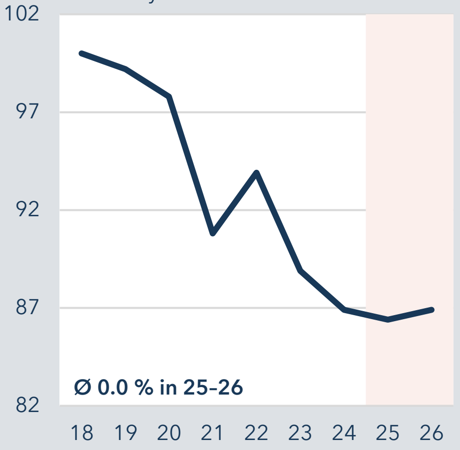
Renovation

15.9 BILLION €

2023: -5.0 %
2024: -2.0 %
2025: -0.5%
2026: 0.5%

Sad '20s
Renovation outlook turned to a decline again. No indicators supporting a proper upturn. The usually steady growth has turned into a decline of a couple of per cent in the '20s.

Quantity index 2018 = 100



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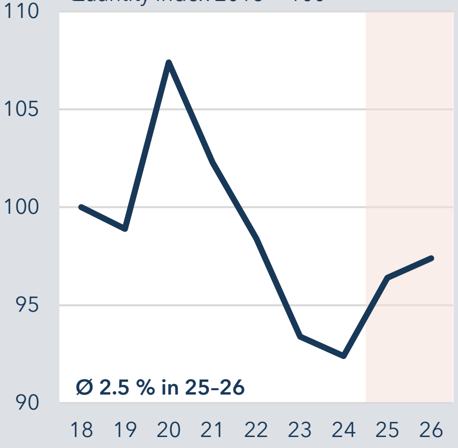
Civil engineering

7.1 BILLION €

2023: -7.0 %
2024: -1.0 %
2025: 4.0%
2026: 2.0 %

Keeps going
Last year's growth remained weaker than expected. This year growth will clearly increase driven by clean transition and rail projects. Next year growth will halve.

Quantity index 2018 = 100



= CONSTRUCTION IN TOTAL*: 2023e: -11 % 2024e: -7 % 2025e: +0.8 % 2026e: +3.5 %

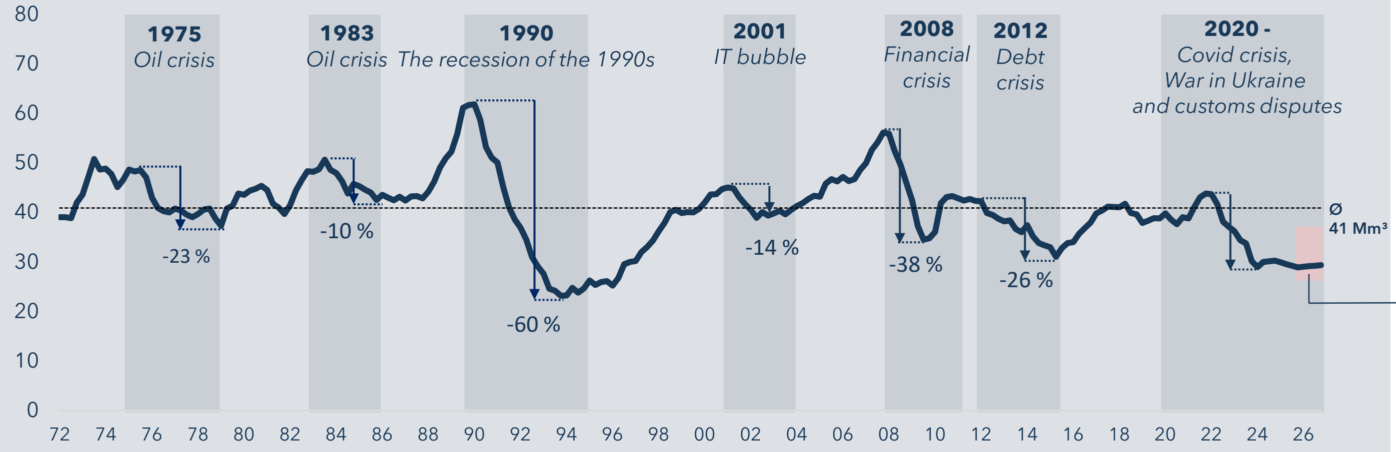
*Fixed price added value

  Source: Statistics Finland, RT forecast September 2025

RT

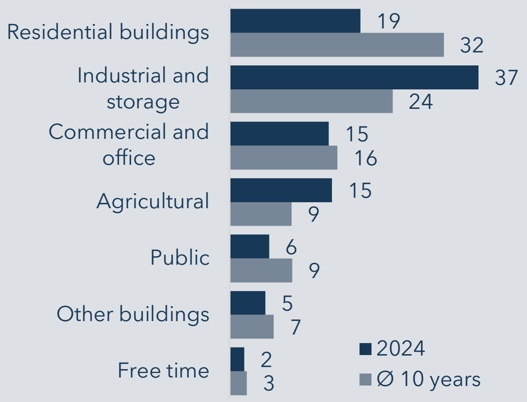
New development outlook: starts below 30 million cubic meters for next year

Long term: starting cubic metres (million m³)

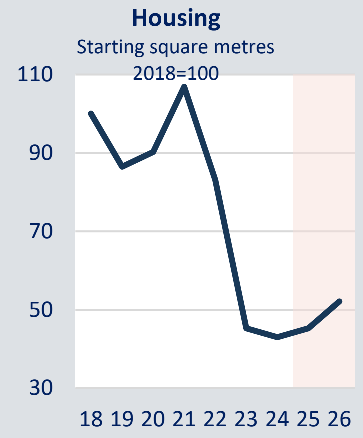


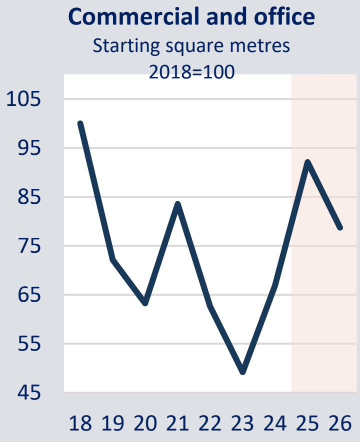
2024	**-4 %**
2025e	**+8 %**
2026e	**+2 %**

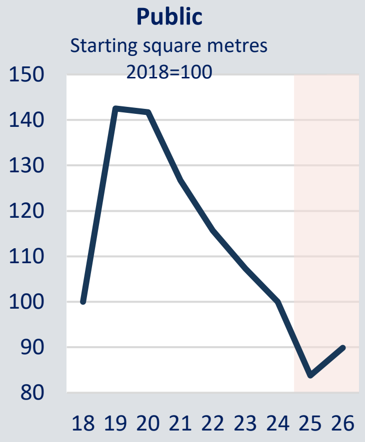
Market shares
2024

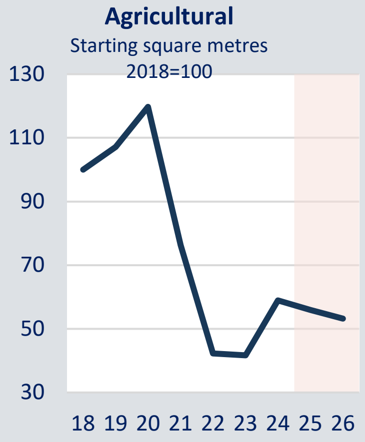


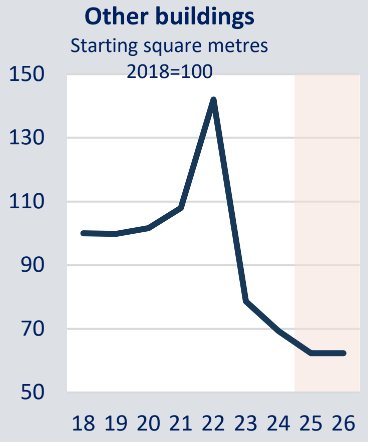
Construction type outlook: Last year's bottom is left behind – only moderate growth for the outlook period







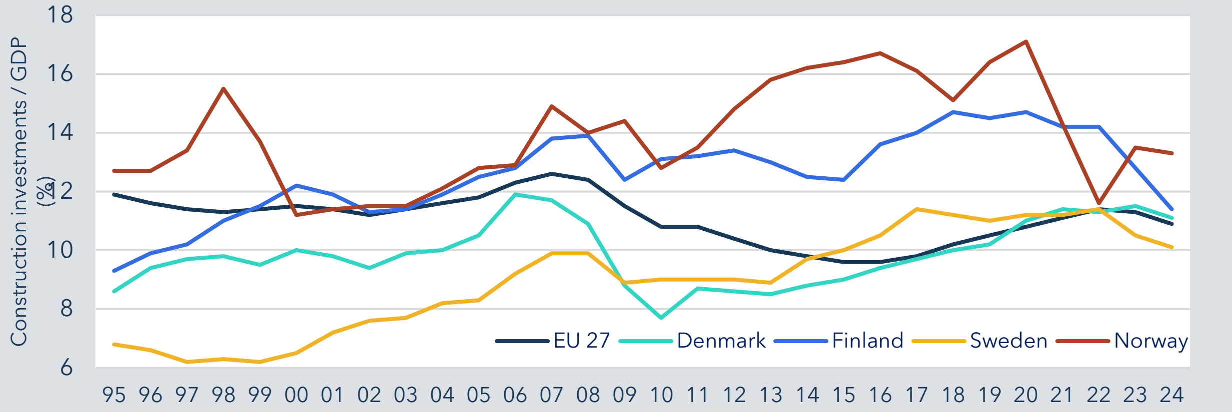




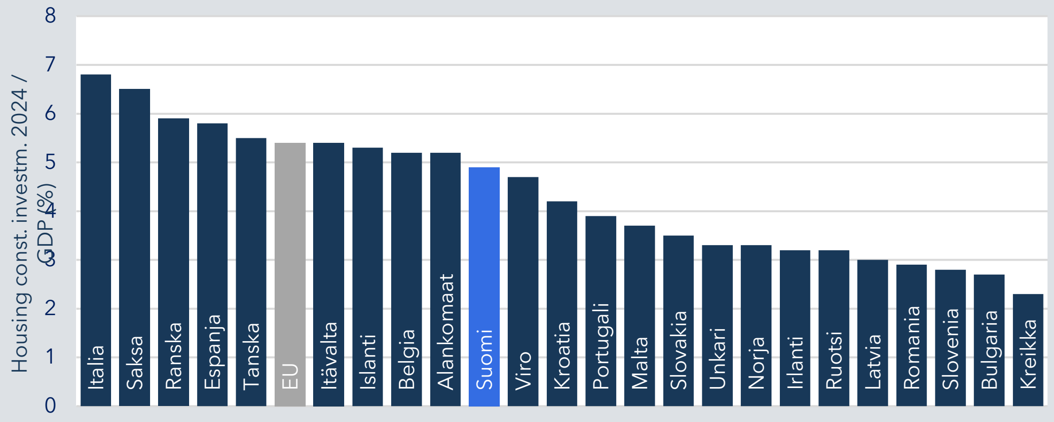
  Source: Statistics Finland, RT forecast September 2025

Investment outlook: Housing investments fell three times more than in the rest of Europe

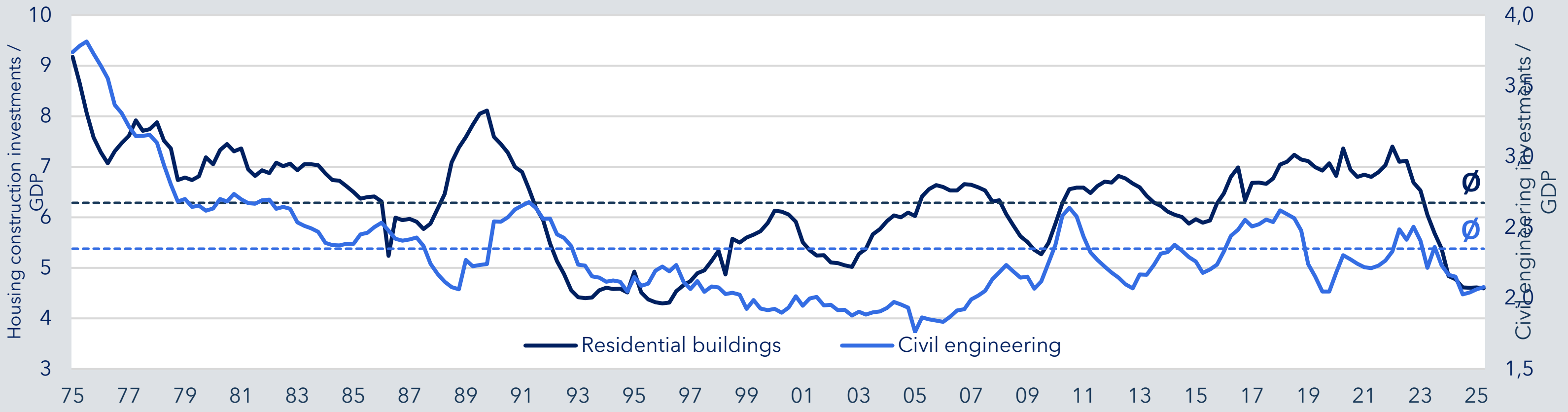
Construction investments in Europe: Finland fell among the others



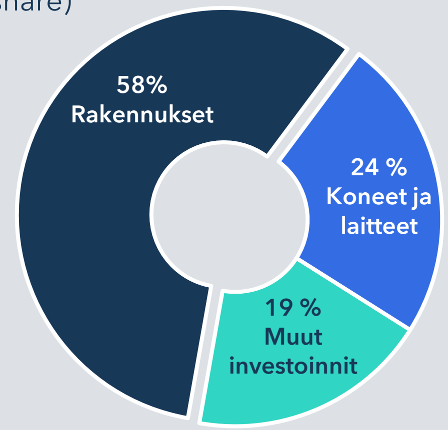
Housing construction investments: Finland fell below the EU average



Construction investments in Finland: Housing investments plummeted – infrastructure investments low



Fixed investments in Finland
2024 (% share)



Source: Statistics Finland, Eurostat